

NEW ZEALAND

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PROPERTY PROFESSIONAL

MAGAZINE

**2018 PINZ
CONFERENCE**

**ROCK STAR
ECONOMY
OFF KEY?**



*Playing With a
Winning Hand*
conference
speakers



**Best of the best –
2018 award
winners**

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We are unique – our property team focuses on property issues exclusively while other aspects of developments are tended to by our experts in construction, planning and financing.



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Conference 2018

A WINNING HAND – WELL PLAYED

As much as I always enjoy writing the opening words for our regular magazine – this one, which is a special edition celebrating our 2018 conference, gives me particular pleasure and pride.

The Property Institute is not a big organisation relative to some other not-for-profits, but we consistently punch well above our weight in the quality and sheer size of what we deliver – and nowhere was that more clearly demonstrated than in this year's annual conference and awards which were, quite frankly, exceptional.

There's a growing trend amongst organisations to 'outsource' the organisation of conferences – a reflection of the growing size and complexity of these events – and I can absolutely see the appeal of that approach. But it's not what the Institute does.

No, your team at the national office organises the whole event from start to finish, drawing on the feedback that members have provided, the suggestions offered, the requests made and years of experience.

As you can imagine it takes an extraordinary amount of planning, preparation and time to put together a programme that runs over three days in total. There are papers to organise, speakers to sort out, people to accommodate and feed, sponsors to coordinate, egos to stroke, and bills to pay. And that's the stuff you only get to do long after the big decisions have been made like where should it be? What should we call it? Who do we invite? It's not always easy balancing so many competing priorities, but the team pull it off every year and – by and large – they do an incredible job.

This year though the team really pulled off something quite special. From the very start the event ran like clockwork, the AGM was well attended, people were enthusiastic, and the welcome night function hit the perfect note on which to kick off proceedings. I trusted the team and they over-delivered. That rolled into the formal opening of the conference on the Thursday, featuring a fantastic line-up

of quality speakers, good discussions and meaty subject matter.

There's also been great feedback from the site visits and the walking tours and, of course, the awards night function which continues to go from strength to strength, even though we don't have pockets deep enough for acrobats, dry ice and laser light displays.

It would have been easy to sit back after such a successful opening day, but we didn't. The Friday continued the theme of entertaining presentations and cutting edge information – all delivered by familiar and highly regarded speakers (such as Housing Minister Phil Twyford and former Finance Minister Stephen Joyce).

Based on the feedback we've received, the last minute decision to recruit my old mate Rawdon Christie as MC also ended up being a welcome one, and by the time Norm Hewitt had wrapped up his highly motivating session on Friday afternoon, the room was still incredibly engaged, which on the last day of a three-day conference is no mean feat.

None of this happened by accident, and I am very proud of the way the team pulled together and delivered a first class event for members. The big challenge now will be topping it in 2019.

Welcome to members of the IPMA

Over the past couple of months the Institute has been preparing to welcome the Independent Property Managers Association (IPMA) to the PINZ family.

We're still working through some of the finer administrative detail, but there's no doubt that this move will be a catalyst to dramatically lifting expected standards within the residential property management sector and it will help to bring residential property

management into line with other property professions in New Zealand.

The recent Memorandum of Understanding (MOU) between us means that IPMA members will become affiliate members of the Institute in a transition that will eventually see them becoming full members, with their own professional standing under the PINZ umbrella.

Positively, the decision to join PINZ was supported unanimously at the recent IPMA annual meeting, and we look forward to working with them to help them get what they need from our Institute.

The IPMA already adhere to higher standards than other industry operators, and I'm confident the new relationship with PINZ will enable them to further improve their skills. We welcome them aboard 🤝



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WINTER 2018

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Conference 2018

PLAYING WITH A WINNING HAND



The verdict is in and Conference 2018 was one of the Institute's finest. Held over three days at SkyCity in Auckland, the event attracted 327 delegates, nearly 100 more than last year, and it was one of the best attended in recent years.

The overwhelmingly positive feedback included in this magazine is only a snapshot of the dozens of emails the Institute has received and provides additional motivation for the Property Institute team to do even better in 2019.

The lion's share of credit for the organisation goes to PINZ Operations Manager Jenny Houdalakis, who carries a huge load in the lead-up to the event – from organising catering, rooms and accommodation, to coordinating delegate packs, run sheets and wrap-around logistical support.

Themed 'Playing With A Winning Hand', the conference appears to have

exceeded expectations. It featured a range of informative and entertaining speakers, a solid education programme, exceptional networking, and the opportunity to showcase the best of the best with the annual Property Industry Awards and black-tie dinner.

Despite the success, the Property Institute team has already noted several areas for improvement as the planning process for next year gets underway.

The cities currently in the mix are Wellington or Christchurch, because as much as PINZ would like to take the event to a regional centre, there are strong logistical arguments which make that an unlikely proposition.

Those arguments include finding a venue of the right size, ease of travel, cost, convenient accommodation, and the availability of speakers – to name just a few of the issues the Institute grapples with every year.

Nevertheless, the Property Institute is committed to a programme of quality improvement for its conferences and awards, and which the majority of members appear to agree are getting better and better.

Playing With A Winning Hand has set the bar even higher for PINZ next year and the Institute is determined to provide an even stronger platform in 2019 🎲

PROPERTY INSTITUTE



THE PROPERTY INSTITUTE WOULD LIKE
TO THANK OUR SPONSORS FOR SUPPORTING THE
2018 PLAYING WITH A WINNING HAND CONFERENCE IN AUCKLAND



MEMBER FEEDBACK...

"The sessions I attended were among the best I can recall at any conference. Well done. One to remember."

"I'd have to say that in my opinion, this year's conference was the best ever."

"All agreed the content was bang on, the whole thing flowed very well and was well put together, so a huge well done."

"Excellent organisation, best set of speakers and brilliant venue."

"I found the quality of the speakers was second to none ... this rates with one of the best conferences I have attended over the last 13 years!!"

"The conference this year really was outstanding. I can't compare it to any other that I have been to. Congratulations and thank you to all of you for putting together such a memorable occasion."

"I enjoyed the conference and thought the selection of speakers was excellent. Great job."

"You have most definitely achieved your goal of being the top tier of the various industry award events."

"One of the best in several years with quality speakers and topics that hung together as a theme across the whole conference."

"Have to say – the best of the conferences I have attended."

"I especially liked the balance of the events, how they flowed quite naturally from one to the next."

THE SPEAKERS

The pages that follow contain a short summary of presentations by some of the key speakers at the Property Institute's 2018 annual conference. Some speakers have chosen not to contribute as they provided exclusive content to conference delegates.

FUNDAMENTALS REMAIN SUPPORTIVE

Paul Bloxham
HSBC Economist

Following rapid housing price growth from 2012 to 2016, New Zealand's housing market has cooled over the past 18 months. This pattern was led by Auckland, where prices nearly doubled from 2012 to 2016, but have been broadly flat since then.

The cooling followed progressive macro-prudential tightening, most recently including a rule (introduced in late 2016) stipulating that most investors could only borrow up to 60% of the value of a property. Political uncertainty associated with the September 2017 election and subsequent change of government also weighed on housing market activity. In addition, modestly higher lending rates in early 2017 were a drag.

With the boom now over we expect housing prices to broadly track sideways from here. In particular, a number of policies either already implemented or proposed by the new government are set to contain housing market activity. These measures include a ban on non-residents purchasing residential property, which will likely be introduced later this year, and proposed cutbacks to inwards migration. A capital gains tax also seems a likely outcome of the government's Tax Working Group, although is not expected to be implemented until after the next election in 2020.

Although we expect these measures to limit further upside to housing price growth we see a major correction as unlikely given the strength of the economy and low interest rates. Jobs growth remains strong and we expect the unemployment rate (already low at 4.4%) to continue edging down towards 4% over coming quarters.



With the boom now over we expect housing prices to broadly track sideways from here.

Population growth is also likely to remain strong relative to growth in the housing stock, despite an expected pullback in inward migration. For instance, Auckland's significant housing shortfall is likely to continue growing this year.

Although we do not expect a significant correction in housing prices, the cooling of the housing market could weigh on the consumer. In addition, household debt levels have risen significantly in recent years, and although the tighter prudential settings have helped to ensure that much of the debt is appropriately allocated, higher debt levels would make the economy more vulnerable in the face of an economic shock.



ANTICIPATING INTERNATIONAL PROPERTY TRENDS

Tom Barclay

Associate Director of Research and Consulting at JLL Research NZ

New Zealand has a small commercial property market by international standards. Historically, international property trends have been slow to make it to our shores. We have had the ability to observe the successes and failures of new trends and technologies overseas and then re-purpose them for use here in New Zealand.

However, as we become increasingly connected as a global economy the pace of change is increasing. Disruption is rife and the commercial property market in New Zealand will not be immune from the disruption brought about by new technology that will change the way we build, own, occupy and manage property. It has never been more important to anticipate international property trends and prepare for their effect on our market.

New technology, automation and artificial intelligence are driving disruption. Disruption and uncertainty are mainstream. Companies like Uber, Airbnb, Amazon and Spotify have disrupted the traditional taxi, accommodation and music industries, but they are also disruptors of commercial property. Amazon has created challenges for traditional bricks and mortar retail, but has been a tailwind for the logistics and industrial sector.

One of the major concerns around developments in automation and artificial intelligence technology is the replacement of jobs and the impact this might have on demand for office, retail and industrial space. While automation has initially impacted process-driven work, it is now crossing into white collar service and knowledge-based jobs.

While a number of jobs will undoubtedly be rendered obsolete, the upshot is that a host of new jobs will be created which do not exist today. Some futuristic (and humorous) examples include big data wranglers, robot counsellors, wearable technology therapists, urban farmers and simplicity experts. Many of these jobs of the future will rely on some form of office space.

Technological updates are altering the nature of work and the workplace, with new developments changing how and where we work. This is changing the type of office accommodation businesses want (and need) to work from, with a particular emphasis on flexible office space in recent years. Flexible office space is a catch-all term for serviced offices or co-working space. Examples of New Zealand flexible space providers include Regus, Generator, Servcorp and B:Hive.

JLL recently released research looking at flexible office space in 12 markets across the Asia Pacific region, including Auckland. Flexible office space has grown by 36% per year over the past three years in the Asia Pacific region, faster than the growth achieved in the more mature North American and European markets.

Of the Asia Pacific markets studied, Auckland saw the strongest percentage growth in flexible office space over the 2014-2017 period, although it has grown from a relatively low base. Approximately 2.2% of Auckland's A-grade office space is occupied by flexible space providers. There is a strong grouping of flexible space providers in the core CBD close to the waterfront, in Wynyard Quarter and in key decentralised office hubs such as the airport and at Smales Farm on the North Shore. At present, flexible office space makes up less than 5% of most corporate portfolios across the Asia Pacific region, but JLL expects this could reach 30% by 2030.

Finally, a note on global food and beverage trends. With the retail sector recalibrating globally in response to the effects of e-commerce, food and beverage is becoming an increasingly important sub-sector. We are transitioning from an ownership-based economy to an experience-based economy and the retail offering, particularly at shopping centres, is becoming increasingly focused on providing a multitude of activities, largely centred on the food and beverage offering.

JLL's Foodservice Consulting Team identified five mega-trends for food and beverage in 2018: experience economy – today's aspiration of experience over ownership; supply-unchained – removing the middle man between producers and consumers; better business – combining purpose and profit; youniverse – the desire to be seen and unique crosses over with where and what we eat; onvi-tech – demand for convenient and superior food service, food on demand. 'In 2018, it's not what you're seen wearing that matters, it's where you're seen eating.'



CASHING IN YOUR CHIPS – A BOOMING RETIREMENT SECTOR

John Collins

Retirement Villages Association

Many retirees would be appalled at the notion they are 'cashing in their chips' when moving to a village, but the real estate boom coupled with affordable living in warm, comfortable, age-appropriate homes means that retirement village resident numbers are expanding at a rate of around 90 people per week! Cashed-up retirees are discovering the many benefits villages offer, and the sector is building new units as fast as possible.

Research from Jones Lang LaSalle shows that there are around 30,000 units in villages today, with a further 17,000 units at some stage of the design, consenting or construction process. And with the +75 age population predicted to grow 306,730 today to 783,600 people by 2043 (+155%), it could be said that the demographics are on our side as operators struggle to keep pace with demand. Already 40,000 residents choose to live in retirement villages, which is around 12.6% market share of the +75 demographic, or roughly the population of Timaru.

The Retirement Villages Association recently commissioned some original research from PwC that looked at the contribution new villages make to the local economy. The report found that each new

250 unit village directly supports some 303 full-time equivalent staff and contributes approximately \$21.4 million in design, construction and fittings.

Employment includes:

- 44 engineers, quantity surveyors, architects and other technical and business professionals
- 230 builders and other tradespeople involved in land subdivision and site preparation
- 15 labourers delivering civil works
- 14 people involved in the supply and fitting out of furniture, fittings and equipment retailing.

The economic contribution includes:

- \$4.8 million in engineering, quantity surveying, architectural work and the like
- \$13.9 million in building and construction, supplies and site preparation
- \$1.8 million in civil works, roads, drainage and underground services
- \$0.9 million in furniture and fittings.

Looking at the bigger picture, day-to-day operations in the retirement village industry contributed around \$1.1 billion

to the country's GDP in 2017, accounting for roughly 0.4% of the total GDP. This is similar to the value added from department stores or the motor vehicle retailing industry in 2016.

There is a clear demand from older people for retirement villages because they meet a number of important needs. Selling the family home not only releases tens of thousands of dollars in pent-up equity, it also releases a family home back to the market. The extra cash added to retirement savings often means a significant improvement in the older person's quality of life, as they have the resources to do things they couldn't do before.

Retirement villages also provide purpose-built age-appropriate warm, comfortable and secure homes for older people, allowing them to move out of their often unsuitable and ill-maintained family home. We know that being warm and secure is important for older people.

There are serious health issues around social isolation or loneliness. British research shows that lonely people are more vulnerable to chronic disease, eat less well, and more likely to be smokers, overweight or underweight, often drink heavily, and are less likely to engage in physical activity. Retirement villages provide a community of like-minded people and new friends that help keep loneliness at bay.

Many 80 year olds look for a clear pathway to care, should that be needed. Most retirement villages offer a continuum of care so people can move in today, knowing that should they need care in the future, they will get first call on the bed in the rest home or hospital.

Retirement village operators take their role seriously in the care of older people. There is no doubt that the boom in retirement village development adds significantly to the local economy via investment and employment. But it also has valuable social benefits, through releasing homes back into the market for new families to enjoy and offering a range of services looked for by our residents.



COMMERCIAL BAY PROJECT

Anthony Randell & Michael Sweetman
Precinct Properties: Commercial Bay

Located in the heart of the Auckland CBD waterfront, Commercial Bay will be a hub of business, retail and food and beverage including the precinct's existing premium grade waterfront commercial buildings. At its heart will be a stunning new office tower that will transform Auckland's skyline.

Connecting the five adjoining commercial buildings it is set to become the commercial hub of Auckland, and of New Zealand. Child care facilities are available in the AMP Centre, and a range of personal and retail amenities available in the retail centre on site for day-to-day convenience.

The location brings together the advantages of numerous transport options including ferries, trains and bus services. It will set a new benchmark of retail and world-class food and beverage options, making Commercial Bay the true heart of Auckland.

When the new PwC Tower is completed there will be around 10,000 of the country's brightest minds, and the best of local and international businesses located here. This, along with the proximity to public transport and the new retail precinct, will cement this area as the premier commercial address in Auckland.

The lobbies of all five buildings will be connected making doing business and meeting with clients much more effective. Commercial Bay features a three-level retail precinct unlike anything Auckland has seen before. Home to like-minded

leaders in fashion and hospitality, Commercial Bay's three-level, laneway precinct will deliver a truly international retail experience. The 24/7 laneway design will redefine retail in Auckland with a blend of hand-picked fashion and cosmetic brands, global flagships, designer boutiques and beauty and wellbeing services in one central, easily accessible location.

The new PwC Tower at Commercial Bay will be New Zealand's best premium grade office tower on completion. A number of leading businesses have already committed to taking space in this impressive building, including PwC, who have also taken naming rights over the tower. The building itself stands at 179 metres high with 38 levels, all of which have stunning views over the Waitemata Harbour.

Located in the heart of the Auckland CBD waterfront, Commercial Bay will be a hub of business, retail and food and beverage including the precinct's existing premium grade waterfront commercial buildings. At its heart will be a stunning new office tower that will transform Auckland's skyline.



NEW ZEALAND HOUSING MARKET

Tony Alexander

BNZ Economist

During the global financial crisis average house prices in the US fell all up by about 30% and in Ireland they declined 60%. These collapses reflected some very bad lending and excess construction of houses.

In contrast in New Zealand lending never reached the irresponsible levels of these other countries and we entered 2008 with a shortage of dwellings in Auckland. This explains why prices at their absolute worst fell only on average 11% nationwide. The limited nature of the price decline is also explained by a sharp cut in mortgage interest rates as the Reserve Bank slashed its overnight cash rate from 8.25% to 2.5%. In addition we saw net immigration rise to over 20,000 as Kiwis came back home.

Over 2009-2011 as the economy recovered and house prices rose marginally there remained in the minds of many an expectation that prices would still fall a lot further. But come 2012 the many people waiting for price falls began to doubt their forecasts and started entering the market to catch up on buying which some had been delaying since 2007.

Catch-up demand from these buyers started lifting at the same time as two other things happened. First, net migration inflows turned sharply from net losses up to late

2012 toward very large net gains. In fact, our population has been boosted near 315,000 people since late 2012 because of these net migration inflows.

Second, around this time many older people began to accept that interest rates from simple investments like term deposits in banks were not going to go back to the 'good' levels of the past. They started looking for investment properties. Their buying was added to by other purchasers driven by FOMO – fear of missing out. The housing ball gained a fair head of steam in Auckland and by late 2013 the Reserve Bank could see that higher risk lending from banks was taking off. So they introduced the loan-to-value ratio rules requiring 90% of borrowers to have at least a 20% deposit.

The Auckland market stalled for a few months then took off again. A 1% rise in the official cash rate over 2014-2015 had little impact, and that impact was then more than reversed over 2015-2016 when the cash rate was cut 1.75% in the face of absent inflation, taking it to a record low of 1.75% where it has sat ever since. This new fall in interest rates brought other buyers into the market, with some driven by the realisation that discussion about a housing shortage was not misplaced.

...eventually the fundamental shortage of dwellings in the likes of Auckland, Wellington and Hamilton will once again shine through. But that is some time from now.

The Reserve Bank acted again in late 2015 requiring Auckland investors to have a 30% deposit. The market stalled then roared ahead again. So from the middle of July 2016 they required all banks to demand a 40% deposit from all investors nationwide. That move hit the sweetspot and the Auckland market has seen prices flatten out and sales fall by around 25% since then.

In contrast we have seen over the past two to three years a strong period of catch-up buying in the regions which is only slowly easing off in most locations. Some people have shifted out of Auckland to the regions, and investors have sought better yield as well as houses they can afford a 40% deposit for with the funds at their disposal.

So where do we sit now? The Auckland market is likely to remain flattish for another three to four years while regional markets will also flatten out over the coming year. The general tone of market commentary will be negative, with much focus on ring-fencing of investor cash losses from other income, speculation about a capital gains tax should Labour win re-election in 2020, and slowly rising KiwiBuild construction.

In fact, my own discussions with investors recently show many are actively looking for reasons to be negative. This is simply a function of the part of the cycle which we are in. Chances are the tone will get a lot worse before it gets better. Why will it get better? Because eventually the fundamental shortage of dwellings in the likes of Auckland, Wellington and Hamilton will once again shine through. But that is some time from now.



THE GREEN BUILDING REVOLUTION

Andrea Davidson

Technical Manager for Special Projects at the NZ Green Building Council (NZGBC)

The NZGBC is a not-for-profit that promotes a sustainable built environment through education, events and, most notably, a suite of rating tools designed to evaluate green features and performance. The best way to keep up with sustainable goals in the rapidly changing property industry is to measure performance with these rating tools. They provide tangible evidence of quality in buildings and homes with a results-based assessment, accompanied with education on green building.

Buildings with sustainable features and higher ratings are shown to have reduced maintenance throughout the building's lifespan, as well as reduced operation costs due to savings on

electricity and water. Buildings with higher ratings also demonstrate corporate social responsibility by delivering a warm, safe and healthy space for New Zealanders to thrive.

Since developing their rating tools, NZGBC has seen a 60% increase in use for buildings, and a 2000% increase for homes, showing that change is coming and that to keep up the industry must measure performance and improvement.

Homestar® engages green building in the early stages of building new homes. While the primary purpose of building sustainable homes is to provide safe and healthy living spaces for New Zealanders to thrive, international studies suggest that

homes with sustainable features also attract premium prices and have a higher resell value. Growing consumer demand for quality sustainable homes is best met through Homestar® certification.

Green Star and Green Star Performance examine nine holistic areas to calculate the overall environmental impact of new and existing buildings, respectively. Both promote quality, low-carbon function. To keep the industry on track to meet New Zealand's goal of a 30% decrease in carbon emissions by 2030, Green Star certification is increasingly necessary. It is becoming the norm for commercial property, pushing New Zealand to strive for environmentally-friendly communities.

NABERSNZ™ is a rating tool designed specifically for existing office buildings, and takes into account not only energy efficiency but also health and wellness to promote productivity. A key difference between NABERSNZ™ and Green Star is that NABERSNZ™ can be used for continuous improvement as it is recommended for repeated use. It can also be used in conjunction with Green Star Performance after the building has been operating for a year.

With the suite of existing rating tools, NZGBC cooperates with the property and construction sectors to deliver a sustainable built environment, as well as normalise environmentally sound practices. They motivate industry professionals to integrate sustainable features in their operations by rewarding implementation of green features across New Zealand.

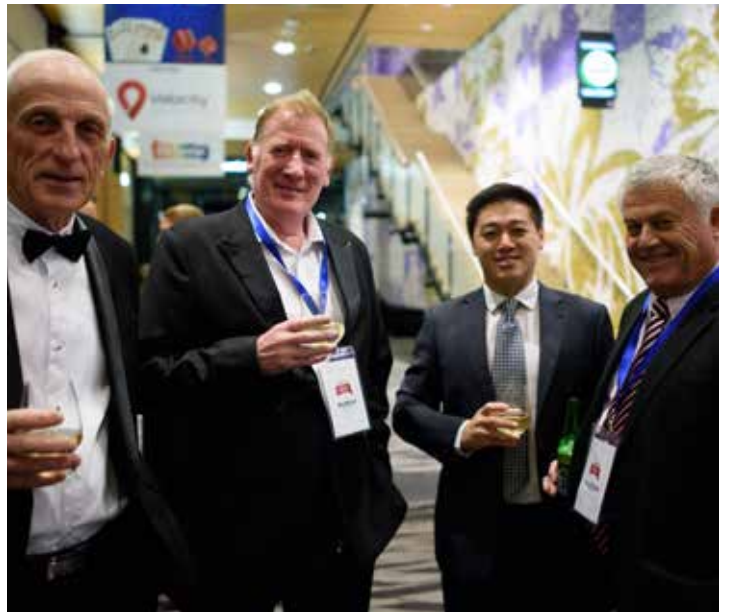
Other speakers

Hon. Phil Twyford, Hon. Steven Joyce, Ludo-Campbell-Reid, Leonie Freeman, Simon Jamieson, Carmen Vicelich, Norm Hewitt









2018 Property Industry Awards

CELEBRATING THE BEST OF THE BEST



**Congratulations
to all the winners
– the bar keeps
being set higher
and higher.**

The PINZ Property Industry Awards continue to go from strength-to-strength and this year's black-tie ceremony and dinner at SkyCity in Auckland was the best yet. Held on 28 June, the event was a huge success and included a hugely popular after-dinner speech by psychologist and broadcaster Nigel Latta that was extremely funny (but didn't have a lot to do with property)

This year's awards were hotly contested, particularly the Young Property Professional Category, which received a record number of high quality entries from an increasingly diverse range of candidates. The Institute is particularly delighted with the interest being shown in the awards and the conference by our younger supporters, who in years to come will be our future leaders. More and more members are embracing the awards – dressing up in their finest to mark this increasingly prestigious event and appropriately honour the recipients.

As usual, the awards were decided by an independent panel (which on this occasion included a few 'ring-ins') to

maintain impartiality due to conflicts of interest with entrants. The award panel judges for 2018 were: Patrick O'Reilly, Greg Ball, Luke van den Broek, Phil Porteous, Boris Babic, Steve Bown, Boyd Gross and Ashley Church. The panel says they were impressed with the high calibre of entries and encourage those who missed out this year to try again in 2019.

The Institute is planning an awards review later this year to ensure the categories and structure are fit-for-purpose. It's expected there'll be some changes to make the awards more relevant and attractive to a broader cross-section of our membership.

Congratulations to all the winners – the bar keeps being set higher and higher.



JLT Supreme Award Winner

CHRISTOPHER STANLEY

Current roles: Registered Valuer, Property Advisor and Director, TelferYoung (Canterbury) Limited and Chairman, TelferYoung Limited

- Graduated New Zealand Institute of Valuers (NZIV) Urban, 1981
- Graduated Master of Property Studies (Distn) Lincoln University, 1998
- Fellow of Property Institute of New Zealand (PINZ)
- Fellow of NZIV
- Associate Member Arbitrators' and Mediators' Institute of New Zealand Inc
- Registered as a Public Valuer since 1983
- Recipient of NZIV Council Award, 1981
- Recipient of NZIV John M. Harcourt Memorial Award, 2013
- Guest lecturer at Lincoln University, Christchurch
- Member of NZIV Branch Committee
- Past President PINZ, 2007–2009
- Past Chair of PINZ Valuation and Property Standards Board, 2007–2014
- Member of the Australian Property Institute Valuation Standards Board, 2009–2014

- Member of the International Valuation Standards Board, 2012–present
- Vice Chairman International Standards Board, 2014–present

Chris Stanley has more than 32 years' experience in the valuation of commercial, industrial, block land and special purpose real estate throughout New Zealand. He has acted as an advisor to local government, central government, and many major commercial organisations and public listed companies.

He has considerable experience as an expert witness, umpire and arbitrator. Chris was appointed by the Office of Treaty Settlements as an umpire in relation to the Ngai Tahu Treaty claim. He sits on the Land Valuation Tribunal, a statutory body primarily dealing with valuation issues arising from rating valuations.

Chris has developed considerable expertise in the valuation and consultancy relative to special purpose properties. He has had significant involvement with health sector assets, both public and private. He acts for the Canterbury District Health Board and also the largest private sector health care providers.

Chris also acts for a number of major developers in the industrial, retail and office sectors. As such he is frequently involved in feasibility studies, establishing rental levels and market valuations. For many years he has been involved with the valuation of supermarkets, which includes rental and market valuations, acting as an expert witness and as an arbitrator/umpire.

In 2000, Chris was selected by the New Zealand Commerce Commission to peer review airport company land valuations throughout the country. This involved establishing appropriate valuation methodologies, consideration of the correct application of the methodology, and consistency between airport companies.

He has continued his involvement with the valuation of specialised airport assets and was appointed as an advisor to Wellington International Airport in 2006. This role includes developing appropriate methodologies, asset valuations, commercial rental valuations and strategic asset advice. Since this time Chris has continued to provide asset valuation and property advice to Wellington International Airport. In 2007, he was appointed as valuer for the Dunedin International Airport to provide advice on asset valuations, rental valuations and strategic planning.

Chris has significant experience with asset valuations for financial reporting, acting for a number of major private and public entities. He has presented at a number of seminars in relation to the adoption of International Financial Reporting Standards and International Valuation Standards.

In 2012, Chris was appointed as Crown Valuer by the Canterbury Earthquake Recovery Authority to establish property values for land to be acquired by the Crown for key Anchor Projects in the Christchurch CBD as part of the Recovery Plan. In the same year he was appointed to the International Valuation Standards Board and in 2014 was appointed as Vice Chairman of this Board.



Valocity Young Property Professional of the Year

SUSAN PENROSE

Current role: Director and Registered Valuer at TelferYoung (Hawke's Bay) Limited

- Advanced to the status of Associate by the New Zealand Institute of Valuers (ANZIV), 2017
- Gained Certificate of Valuer Registration, 2014
- Became a Full Member of the Property Institute of New Zealand (MPINZ), 2013
- Bachelor of Business Studies – Valuation and Property Management (BBS VPM), Massey University, 2009
- Graduate Diploma in Business Studies, Massey University, 2009 – this involved elective papers in ethics, dispute resolution, mediation and law, and communications
- Member of the PINZ Hawke's Bay Branch, March 2014–present
- Chairperson of the TelferYoung Young Valuers Focus Group, June 2014–December 2015
- Club President Taradale Netball Club, January 2015–December 2016
- Young Representative on the NZIV Council, June 2015–July 2016

- PINZ Young Leaders Programme, June 2015–June 2017
- Member of TelferYoung Risk Management Focus Group, January 2016–December 2017
- Young Representative on the PINZ Board, August 2016–June 2017
- Chairwoman of the TelferYoung Risk Management Focus Group, January 2017–December 2017
- PINZ Board Member (Central Region Representative), June 2017–present
- Recipient of the TelferYoung Young Property Valuer of the Year Award, September 2016

In her role as a valuer Susie has been mainly involved in the commercial/ industrial sector, specialising in the accommodation and aged care sectors. She has assisted in a wide range of valuations for market, finance, asset and insurance purposes, with involvement in arbitrations. In her role as a Registered Valuer she is required to liaise with clients, network with many other professionals, and provide quality analytical expertise, professional advice and reporting.



Young Property Professional of the Year – Runner Up

ANDREW LIEW

Current role: Senior Valuer Beca Ltd

- Property Intern, Christchurch City Council, Christchurch, 2007–2008
- Property Assistant, City Care Ltd, Christchurch, 2008–2009
- Property and Facilities Coordinator, Farmers Trading Company, Auckland, 2010–2011
- Sourcing and Facilities Officer, GE Capital ANZ, Auckland, 2011–2014
- Plant and Equipment Valuer, Turners Auction, Auckland, 2014–2014
- Infrastructure Plant and Equipment Valuer, Beca Ltd, Auckland, 2014–present

A Lincoln university graduate, Andrew worked across the property industry from facilities management, asset management and infrastructure before landing a role as IPM Valuer at Beca in 2014. He currently serves on the PINZ IPM Council.



Young Property Professional of the Year – Runner Up

JAMES WILSON

- University of Auckland, Business School Bachelor of Property, 2008–2011
- Darroch Casual Intern Valuer, February–March 2011
- Quotable Value Ltd, Graduate Valuer, November 2011–June 2015
- Auckland Branch, PINZ and NZIV, Secretary, 2013–2016
- Auckland Branch, PINZ and NZIV, CPD Convener, 2016 present
- Quotable Value Ltd, Manager, QV Homevalue Northern/Registered Valuer/Media Liaison, June 2015–August 2016
- Valocity Ltd, Valuation Manager, August 2016–November 2017
- Finalist PINZ Young Property Professional of the Year, 2016
- Valocity Ltd, Valuation Panel Director, November 2017–present

James is a natural leader who steps up time and time again to support, define and lead change. His managers say his passion and energy are an asset to the property and valuation industry as a whole. He's not afraid to challenge the old ways of doing things, while remaining considerate and empathetic to the human element of any process or design he's working through. He is a fast learner, and having the expertise of both the valuation profession combined now with data, analytics and technology mark him out as a future leader.



Simpson Grierson Property Business of the Year

COLLIERS INTERNATIONAL CORPORATE SOLUTIONS TEAM

After winning the Innovation Award last year, the team at Colliers Corporate Solutions have this year picked up the Property Business of the Year title. The Corporate Solutions division at Colliers is the largest provider of property and asset services to government and corporates in New Zealand. Led by National Director, Don Smith, their service is underpinned by three core elements that are applied to client assets to deliver optimal outcomes – the right people, the right processes and the right platforms.

The team is made up of in excess of 50 property professionals and has been designed to meet the varied and wide needs of their clients. To ensure a consistent high level of service, sophisticated processes have been developed that allow the team to operate both professionally and ethically at the highest standard. This is evidenced by the right processes being at the core of their operating model. The division has grown to be the largest provider of property and asset management services to government and corporates, and dominating this area of the industry is evidence of their focus on these factors.

The division has grown to be the largest provider of property and asset management services to government and corporates.



Quickmap Property Manager of the Year **MICHAEL CONNOLLY**

Michael has been involved in the property industry for more than 30 years and is experienced in a wide range of areas. He manages the Colliers Real Estate Management Team in Christchurch, as well as property throughout New Zealand for a diverse range of clients from high net worth individuals to large institutional investors. Over the years he has been involved with the buddy system at Lincoln University and has employed and mentored a number of graduates who have progressed to senior positions in the property industry.

Michael is a strong supporter of PINZ and was for a number of years involved in his local committee and also the National Board at the time of the Property & Land Economy Institute of New Zealand (PLEINZ), the forerunner to PINZ. He was awarded a Fellowship in 2001.

Michael obtained his BCom from Lincoln University in 1983. He was then employed as a valuer for the South Australia Department of Lands until returning to New Zealand in 1989.

He then worked as a real estate agent, valuer and property manager, joining Colliers Jardine in 1992. He was a key figure in building Colliers Real Estate Management in Christchurch to its current position.

Michael has been involved in managing key buildings in Christchurch including Forsyth Barr House, BNZ, NZI and others. He has been instrumental in working with clients in the aftermath of the Christchurch earthquakes and his team are now managing a number of new developments in the city.



Resene Property Advisor of the Year Award **JAMES PUKETAPU**

James is based at The Property Group Limited's (TPG) Auckland office. As Principal Advisor – Local Government he is responsible for leading advisory and negotiating teams for local government.

His current role is primarily managing business development and the growth of TPG within the local government sector. Programme delivery for the numerous Council projects is critical.

James has an extensive property background in operational and capital management, as well as property and project management within those areas. He has a competent understanding of capital development, asset management and returns on investment (as relates to property assets), and due diligence analysis. This experience is accrued from more than 30 years in private practice and the central and local government sectors.

- He was made a Fellow of NZIV and PINZ in 1997
- Management of 2,600 Housing Corporation of New Zealand properties in Glen Innes
- Management of Waitakere City Council's \$400 million property portfolio
- Programme delivery of numerous property negotiations for Waitakere City Council, Auckland City Council, Genesis Energy, the NZ Transport Agency, Manukau City Council and the Ministry of Education
- Property structure review of Matamata Piako District Council property division



PINZ Life Membership JOHN DUNN

John is a Registered Valuer ANZIV, a Property Consultant FPINZ, and holder of a Real Estate Licence AREINZ. He is a Past President of PLEINZ and he was a senior director of JLL where he headed their Property and Facilities Management Team. He is a long-serving chair

of the Property Council Property Awards Committee and in 2017 was awarded the Property Council's Members' Laureate.

John is described by one of our panel members as one of the true gentlemen of the property industry. The panel is unanimous in saying that John has all the qualifications for Life Membership. He is an avid follower of industry changes and thus implementation, is respected in property circles, continues to be involved and active in the industry, and provides a New Zealand wide consulting focus.

- He was an active member of the Property Management Institute prior to the merger in 2000, including a term as President
- John is a Registered Valuer, PINZ Fellow, Registered Property Manager and Registered Property Consultant
- For 20 years through to 2006 he led the Property Management Division at JLL and during this time the company was the largest commercial property management service provider in New Zealand
- In 2006, he started his own property consulting business and has selective clients including Foodstuffs and Westfield that he provides services for
- John was on the judging panel for the PCNZ Property Awards for over 20 years and retired as its Chair in 2017



PINZ Life Membership JOHN CAMERON

The decision to recognise John Cameron with Life Membership is possibly long overdue. John retired from his role as Chairman of Jones Lang LaSalle New Zealand and Regional Director of JLL Asia Pacific in 2011. This followed a career of over 40 years in property, first as a property consultant in both the UK and Western Europe and since 1986 in New Zealand and the Asia Pacific.

John has specialised as a commercial property consultant providing strategic property and valuation services to global

corporates, financial institutions and government bodies. His significant experience spans insolvency advice, tenant advocacy, development consultancy, property investment advisory services, and strategic property reviews.

He is one of the most experienced property consultants to have operated in New Zealand. He has worked on some of the biggest and most difficult insolvency cases and receiverships. He has also provided strategic property reviews for some of the country's largest commercial concerns.

John has been a trustee of the General Trust Board for in excess of 20 years. This trust is effectively the corporate trustee of the very many trusts of the Anglican Diocese of Auckland and John has overseen the many and varied property interests of the diocese. This included the new chapel at the Auckland Cathedral where he chaired the Property Committee. John was also a trustee of the Selwyn Foundation and the Bledisloe Trust.

Possibly his most enduring service to the property profession is his work in bringing the New Zealand property profession and the Royal Institution of Chartered Surveyors (RICS) closer together. John had qualified in London in 1968 as a Chartered Valuation Surveyor and member of RICS. Since his arrival in New Zealand in 1986 he set about endeavouring to introduce the practices and operations of the RICS to us in New Zealand. He always had a vision of these professional bodies liaising and working together with an ultimate aim of full reciprocity.



NZIV Life Membership EARL GORDON

Earl Gordon is a stalwart of the valuation profession, having spent his entire working life as a valuer in Wellington where he has been a well-respected practitioner with a diverse range of clients, a number of whom have displayed unbending loyalty to him over many decades.

Earl's early life was spent in Paraparumu, and on leaving college he commenced work in the late 1960s with the Northern Building Society. He completed the NZIV Urban Professional Exams in 1970, followed by registration and advancement to Associate in 1972. By that stage he had moved to Rolle Pyne and Co, one of the original independent Wellington valuation practices, and later in the decade joined Chris Dentice and Graeme Kirkcaldie in a partnership that ran through to 1985. From then on Earl practised on his own, with his wife Adrienne providing support services including word processing and practice management from their home in Wilton.

In the early 1980s, Earl was appointed by the NZIV Council as its representative on the Land Professionals' Mutual Society Inc, a risk management and specialised insurance service for quantity surveyors, land surveyors and valuers, with a wide range of products. He has been a highly regarded member of that Society's governance group until finishing up this year.

In about 1988 the NZIV Council, recognising the need for a specialist group to receive inquiries and complaints and to administer members' disciplinary issues in conjunction with the Valuers' Registration Board, established the Professional Practices Committee (PPC) with Earl as its Chairman. This was a position he held until retiring at the end of 2017.

Under his stewardship that committee considered more than 1,000 formal complaint matters, provided support to beleaguered valuation practitioners, and counselled numerous members of the public with advice about a raft of issues. He conducted the monthly PPC audio conference meetings with pre-circulated case files, in an efficient but involving manner and with an amazing ability to recall specific circumstances and personalities, some of whom were logged with the record system more than once.

Over much of that extraordinarily long period of commitment Earl Gordon also served on the Council of the Institute of Plant and Machinery (Equipment) Valuers as the NZIV appointee. He was advanced to Fellow in 2000 in recognition of his services to the profession, and in 2012 he was presented with the John M. Harcourt Memorial Award for his outstanding contribution and dedication.

Aside from his business and professional interests Earl has been an enthusiastic participant in camping and boating, often holidaying at Taupo's Motutere Point with family and friends. He helped develop an international competition standard BMX track in Wellington and attended the national body of that sport for a time. He has also been a keen supporter of the Hurricanes and Wellington rugby, and has owned an eclectic array of high performance cars.

Earl Gordon has many long-term friends in the valuation profession who are aware of his outstanding and selfless service and they will sincerely applaud his well-deserved elevation to Life Member.

FELLOWSHIPS



NEILL CARR
Wellington
FPINZ only



BRAE WATKINS
Wellington
FPINZ only



WAYNE CROWLEY
Wellington
FPINZ only



HAMISH BILLS
Wellington
FNZIV/FPINZ



KEN BLUCHER
Wellington
FNZIV (already FPINZ)



BARRY ROWE
Nelson/Marlborough
FNZIV/FPINZ



BRUCE COWPER
Gisborne
FNZIV/FPINZ



PATRICK FOOTE
Auckland
FNZIV/FPINZ



RANALD GORDON
Taranaki
FNZIV/FPINZ



STEPHEN MCKISACK
Auckland
FNZIV/FPINZ



TREVOR KITCHIN
Hawke's Bay
FNZIV/FPINZ









**Flick Electric Co.
billboard in Courtenay
Place, Wellington –
portrait orientation**

Digital billboards, once mainly seen in large overseas cities and our larger sports grounds in the form of score boards and large format TV screens, are now becoming more prevalent in our larger cities. This article describes the attraction of LED digital billboards to media companies, product and services advertisers and property owners, and where this may lead to.

Large advertising billboards have been around since the 1800s and for much of that time they were usually lit with incandescent bulbs of one type or another. Moving lights, such as in New York's moving ticker tape lights for the Stock Exchange prices, heralded enhanced ways of display marketing. Large-scale lit billboards have been commonplace in major intersections and thoroughfares such as Piccadilly Circus in London, The Strip in Las Vegas, Times Square in New York and Shibuya Crossing in Tokyo.

DIGITAL BILLBOARDS

good revenue for property owners

VAUGHAN WILSON

LED technology

Light emitting diode (LED) technology has increased at a hectic rate since its initial development in the 1960s, and further development in the 1990s, with a Nobel Prize for Physics in 2014 for its developers. The ability for LEDs to display multiple colours, and have a much longer life than regular light bulbs and a very low level of electricity use compared to incandescent and halogen bulbs has resulted in them being used for just about everything to do with lighting.

Added to this, the cost of LEDs has continued to drop to a point where they have become the number one choice for lighting in residential premises. This makes them ideal for electronic billboards, and coupled with their ability to display with incredible colours and graphics, they bring to life the imagination of our marketing specialists.

Rise in digital billboards

Overseas digital billboards are big business, with most major cities being home to larger and more effective displays. Traditional large intersections in the big cities mentioned above have in recent times seen their large-scale static and conventionally

lit billboards replaced by LED billboards of various types. This includes six-storey high behemoths, which shine during the day but come into their own when they light up the night sky.

New Zealand is playing catch-up, largely because our cities are so small that they could not afford the previous iterations of expensive lit billboards. Now with LED the cost is still significant but affordable.

Last year, Times Square became home to the world's first and largest 3D robotic sign. Coca Cola unveiled their new six-storey digital spectacular featuring 1,760 independently moving LED screens, choreographed to the content on display and creating a multi-sensory experience for the 300,000 people who pass through the busy Manhattan intersection each day. Check out this URL for a quick video of this new billboard: <https://vimeo.com/229199452>.

New Zealand is playing catch-up, largely because our cities are so small that they could not afford the previous iterations

of expensive lit billboards. Now with LED the cost is still significant but affordable. New Zealand city councils were also traditionally conservative when it came to permitting lit billboards. For some reason, they thought this was at odds with our way of life and this attitude continues today with some councils.

Advantages

The first advantage of the digital billboard is that it allows a multiple number of adverts for different products per minute/ per hour. The second is that they have an electronic file rather than a large, bulky and expensive skin

on a fixed billboard that must be replaced regularly and which uses a cherry picker and possibly a closed road lane to do so. If allowed for under council rules, the digital adverts can also be moving, thereby attracting the eye to the product or service being advertised and this results in a far more dynamic medium.

Restrictions

The reasoning behind restricting digital billboards falls into two areas – visual pollution and distraction to drivers (driver safety). Most councils in New Zealand allow



2° billboard at Interislander terminal in Wellington – freestanding double-sided

for six adverts per minute, being one advert every eight seconds with a two second transition time to the next advert. Some councils have restricted this to two adverts per minute but others, for reasons no-one can fathom, have restricted this to one advert per hour.

Councils, and where relevant the NZ Transport Agency (NZTA), are also concerned with digital billboards distracting drivers. Billboards have long been part of the landscape along certain sections of the more popular state highway system, and to that end the NZTA has ended up collecting revenues when billboards are on its road reserve.

Digital billboards in New Zealand are not allowed to flash, thus restricting the distraction potential. Compare this to the mass movement of advertising on LED screens around the world, which change before your eyes to draw the attention of the viewer and hopefully encourage them to purchase something or remember the brand at a later date.

Site issues

There are numerous billboard companies in New Zealand and most are promoting digital billboards. Traditional locations are not necessarily going to suit this new medium and so new sites are being secured, taking advantage of the changing trend, vehicle patterns and weight loadings. Companies that are dominating the landscape include QMS and APN.

The weight of the LED billboards is also coming down. The larger ones weigh many tonnes, so new billboard locations require a full engineer's report to determine the building they are to be affixed to can handle the additional load. Other options include freestanding digital billboards, sometimes double-sided providing displays to two different flows of traffic. These freestanding devices, much like cell towers and wind turbines, require significant concrete foundations to handle the static and wind loading put on them, not to mention seismic forces in Godzone.

The larger ones weigh many tonnes, so new billboard locations require a full engineer's report to determine the building they are to be affixed to can handle the additional load.

Other advances include curved LED billboards providing further options on buildings at intersections and non-linear building facades. Future developments currently being researched overseas allow for lightweight glass LED billboards adhered to or replacing curtain glass walling.



Sky billboard in Wellington CBD – landscape orientation and building mounted

Rental for property owners

This all means good revenue for the operators of digital billboards. Whereas they might have charged handsomely for a single advert for two months, now they can charge around the same and have up to six adverts for the same period. Of course, none of this comes cheap. The rule of thumb is that a digital billboard is 10 times the cost of a static one to install.

Whereas a static billboard has a simple frame and backing, a digital billboard is imported, its affixation is very complicated, and the power needs are far more detailed than the traditional three lights at the top. High visibility sites have the ability to generate large sums for advertising and lease rental, such as next to busy arterial routes and on parts of the state highway network.

So what is in it for the building or property owner? More rental. Property owners can expect at least a 300% increase in rental and in some cases more. I am aware of one deal being negotiated at \$250,000 per annum, although most rentals being offered

are much less than this. Property owners who are subdividing or unit titling can also title a billboard space. These are relatively uncommon at the moment, but will likely gain popularity as more apartments are constructed in the inner cities. Unit titles can take the form of the side of a building encapsulating a billboard (or two), and where these may currently be static there is nothing to stop these becoming digital in the future, further enhancing returns for developers when selling their developments.

Bright future

The future is bright for digital billboards. Local councils are beginning to understand their positive impacts and how to process these types of consents. Landowners are experiencing better returns than for static billboards and are finding new ways of capitalising this with subdivision. Marketers are seeking new ways to advertise their product or service with many of the traditional mediums of television and newspaper falling to the side.

Digital billboards are helping to fill this void, providing a great medium to visually display in creative and colourful ways. Perhaps the *Jaws* themed 3D digital billboard from *Back to the Future 2* is only an ad break away 🌀



Vaughan Wilson is a Director of Wilson Hurst Property Services operating in Auckland, Wellington and Christchurch.
vaughan@wilsonhurst.co.nz



Anna Radovonich receiving her award from PINZ Vice-President Luke Van Den Broek

LINCOLN GRADUATE ANNA RADOVONICH

hot property after award win

Lincoln University property graduate Anna Radovonich places a high value on academic achievement. She has scooped this year's PINZ Student of the Year award, which recognises the top graduating student in Lincoln's Bachelor of Land and Property Management.

It's an absolute honour – very exciting,' Anna said on receiving the award from PINZ Vice-President Luke Van Den Broek. Property is in the blood for

Anna, whose father – field hockey Olympian John Radovonich – completed a Bachelor of Commerce (Valuation and Property Management) at Lincoln in the 1980s. He is now a shareholder and director of FordBaker, Christchurch's largest privately-owned independent valuation and property advisory company.

Anna has followed in her father's footsteps in more ways than one, attending Lincoln on a hockey scholarship from 2015-2017. John Radovonich was captain of the New Zealand men's hockey team and played for the Black Sticks at the 1992 Summer Olympics in Barcelona.

Long-time Lincoln land and property lecturers, John McDonagh and Cedric Croft,

taught both father and daughter and said the two displayed similar enthusiasm for the discipline.

'Anna showed all-round excellence, which is the basis of the award, in that it's given to someone who's not just successful academically but across the board,' says Mr Croft. 'She got here because of her dedication. She always gave it her best.'

Since completing her degree last year, Anna has been learning the trade at FordBaker. 'I'm picking up as much as I can about the profession before going overseas in June,' she said. She's headed for Europe and South America, where she hopes to hone her property industry skills on an international scale 🌐



KIP (UK) members in London – founder Bryce Check second from right

KIWIS IN PROPERTY (KIP) UK

BRYCE CHECK

Kiwis in Property (KIP) UK was established in 2014 as a networking group for New Zealanders in the commercial property sector.

KIP began life in an East London pub when three Kiwis met over a beer and decided to form a club where they could talk about big buildings, jandals and chilly bins in the same sentence. From social catch-ups in the pub we have progressed to hosting an annual programme of networking breakfasts with guest speakers and we launched our own website in January 2018 (www.kiwisinproperty.com).

KIP membership includes Kiwis from all parts of the property sector from investors and developers to lawyers and architects. Some of us have been here for many years and some of us just landed at Heathrow last month. Our objectives are threefold:

- To promote business opportunities between our members
- To assist members with career progression, particularly those new to the UK
- To support other New Zealand owned or run businesses in London.

On 13 August 2018 I will be coming to Auckland to give a presentation at Bayleys in the Wynyard Quarter. If you are thinking of relocating to work in the UK property sector, or you are a property employer looking to connect with talent returning to New Zealand, then we encourage you to come along and find out how our network might be able to help you. You can register at: www.kiwisinproperty.com/event/auckland-presentation-drinks 🍷

Bryce Check is the founder of KIP and based in London.
bryce.check@aon.co.uk

AIRBNB AND THE RENTAL SQUEEZE

tenant ordered to pay
profits to landlord

Under a recent Tenancy Tribunal decision, a tenant who placed his flat on Airbnb was ordered to pass on some of his profits to his landlord. The rise of online temporary letting sites like Airbnb and the ongoing rental squeeze in many parts of New Zealand should prompt all residential landlords to take a closer look at their tenancy agreements.

LUCY GRENFELL
AND NICK WILSON

The rise of Airbnb

Airbnb has grown rapidly in popularity over the last few years, with listings in 191 countries and over 34,000 cities around the world. In New Zealand, the number of listings has, according to Airbnb country manager for Australia and New Zealand Sam McDonagh, reached 20,000, with this number only expected to rise.

The success of the San Francisco based start-up and other similar sites such as Bookabach.com and Bookings.com is however exacerbating what is referred to as the 'rental squeeze'. There is a real difficulty in securing long-term rentals, particularly for residents in tourist hot spots like Queenstown, Rotorua and Waiheke Island. Many properties are being withdrawn from the traditional rental market in favour of more lucrative, short-term rental arrangements that sites such as Airbnb provide.

Many landlords are cashing in and earning far greater income from their short-term rentals than they did under a traditional long-term residential tenancy. It is perhaps not surprising that tenants are seeing the potential income on offer and are also looking to place their flats on Airbnb, often without their landlord's knowledge.

Can a residential tenant sublet via Airbnb?

There are approximately 1,600 entire properties listed on Airbnb in Wellington and 770 private rooms and this decision relates to a single unit located in an apartment block complex in Wellington. In *Nice Place Property Management Limited vs Jeff Walter Paterson* the landlord and tenant entered into a two-year fixed tenancy with a weekly rental of \$650. The tenancy agreement placed restrictions on any assigning or subletting of the tenancy, stating, 'The tenant shall not assign or

Many landlords are cashing in and earning far greater income from their short-term rentals than they did under a traditional long-term residential tenancy.

sublet the tenancy (including Airbnb and other temporary rental platforms) without the landlord's written consent.'

According to the landlord, the tenant sublet the unit on Airbnb on 55 occasions. The Tenancy Tribunal held the tenant's actions to be an obvious breach of the agreement and interestingly ordered the tenant to pay an account for profits to his landlord.

In calculating an account for profits, case law has held that the aim is to compensate rather than penalise. In *Adlam v Savage* the courts considered a claim for account of profits, stating that it requires, 'the defendant to pay to the plaintiff the net profits derived from the defendant's breach of duty.' Essentially, the account is to be measured by what the defendant has gained.

Records show that the unit was rented on Airbnb between June 2017 and December 2017 and the landlord submitted that the tenant would have received \$12,450 for the rentals, at a rate of \$249 per night. In calculating the amount that the tenant was to pay to the landlord, the Tribunal deducted the rental over the six-month period that the tenant had to pay, and a nominal fee of \$1,000 for the tenant's administration costs for commercially renting the premises (including costs for linen and servicing of the apartment), the account for profits payable was reduced to \$2,150.

While this amounts to less than 20% of the actual income the tenant purportedly

received, the decision sets an interesting precedent as the Residential Tenancies Act 1986 does not provide an express ability for a landlord to recover profits from a tenant who acts outside the terms of their tenancy agreement.

What does the Residential Tenancies Act say about tenants subletting?

Section 44 of the Residential Tenancies Act addresses assignment, subletting or parting with possession of a residential tenancy. Subsection 1 confirms that a tenancy agreement may include a provision that 'expressly and unconditionally' prohibits the tenant from assigning, subletting or parting with possession of the premises during the term of the tenancy. Subsection 2 states that in the absence of such a provision, a tenant may at any time assign or sublet with the landlord's prior written consent.

In the *Nice Place Property Management* case, the tenancy agreement included a clause that restricted the tenant from subletting under section 44 of the Act. While that provision did not 'expressly and unconditionally' prohibit the tenant from assigning, subletting or parting with possession (as the limitation included the words 'without the landlord's written consent'), the Tribunal found that the wording of the tenancy agreement was 'entirely consistent with a prohibition on subletting provided for [under section 44 of the Act]' and that there had been a breach of the Agreement.

We are surprised by the comments of the Tribunal. The wording in the tenancy agreement was not in our view an unconditional prohibition on subletting. The Tribunal also made no mention of section 224 of the Property Law Act 2007, which provides that a landlord is not entitled to unreasonably withhold consent to a request for consent by a tenant. The implication of section 224 means that, had the tenant actually applied for consent,

the landlord would not have been entitled to withhold consent unless it had a reasonable basis for doing so.

What does a 'standard' residential tenancy agreement allow?

Residential tenancy agreements are publically available at no cost from Tenancy Services (www.tenancy.govt.nz) and are routinely used throughout New Zealand for residential letting.

Clause 8 of this standard form relates to subletting and assignment. In reference to section 44 of the Act, the clause states that if not expressly prohibited by the landlord, the tenant may sublet or assign with the landlord's prior written consent. Further to this, the landlord's consent may not be unreasonably withheld unless subletting or assignment is totally prohibited by this agreement.



Is it necessary to expressly prohibit assignment or subletting via Airbnb?

Another Tenancy Tribunal decision that applied to the situation of a tenant renting their premises to a third party through Airbnb, the *Demos Ioannou vs Celia Frith Drummond* case, provides some guidance on whether it is necessary to expressly refer to Airbnb or other short-term rental websites within a subletting prohibition in the tenancy agreement. In this case, the Tribunal was advised that a 'standard tenancy agreement' was in place and the tenant had permission for up to five occupants to ordinarily reside in the premises. The landlord became aware that the tenant was renting the premises out on Airbnb and did not believe their agreement extended to short-term rental arrangements of that kind.

The tenant argued that they had permission to have up to five occupants in the premises and the Tribunal relied on two main points to rebut this. First, section 40(3) of the Act refers to the maximum number of tenants that may 'ordinarily reside' in the premises. 'Ordinarily reside' was interpreted to mean the husband, wife, partner, children or relatives who live with the named tenant and allows for occasional visitors. However, the Tribunal found that if the tenant is collecting rent, then this will amount to subletting and section 44 of the Act will apply. Second, 'ordinarily reside' is also taken to mean continuity of residence and, given the nature of Airbnb and similar sites, it was held that occupation via such sites do not fall within this concept.

The Tribunal found that the subletting of premises for Airbnb was unlawful, and while the landlord in that case had not yet sought compensation or damages for the breach, the Tribunal confirmed that it had the right to do so.

This case raises the question of whether it is in fact necessary to explicitly prohibit the assigning or subletting of the premises via specific sites such as Airbnb. In this

case, the Tribunal deemed there to be a breach of the agreement even though the agreement did not expressly prohibit subletting via a short-term letting website, and accepted that in doing so, the tenant had breached the prohibition on assigning, subletting or parting with possession.

Ultimately, the Tribunal's decision will be fact dependent, but taking a conservative approach at the beginning of the tenancy and prohibiting assigning or subletting 'including via any online short-term rental arrangement' will add clarity and provide a solid foundation for a landlord whose tenant sublets their property via a short-term rental accommodation website.

Key take-outs from the Nice Place Property Management and Demos Ioannou cases

The key take-out lessons from these cases for any residential landlords are:

1. If your tenant has been subletting their flat in breach of the tenancy agreement you may be entitled to a slice of the profits – it is worth checking the Airbnb website to see if your property is listed!
2. If you do not want your tenants to run an 'Airbnb type operation' from your property, you should in our view prohibit assignment and subletting in your tenancy agreement and that prohibition should be a full unconditional prohibition, rather than including the words 'without the landlord's consent'.
3. Preferably, we would suggest the wording of the tenancy agreement should refer expressly to online subletting arrangements (though even if not referred to, it appears to be accepted that using sites like Airbnb will be considered 'subletting' or 'parting with possession').

Disclaimer

The information contained in this article is general in nature. It does not constitute legal advice and should not be relied on as such. Specialist advice should be sought in particular matters 🐼

If your tenant has been subletting their flat in breach of the tenancy agreement you may be entitled to a slice of the profits



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A Model for the Future: **THE SIX PILLARS**

The Six Pillars have been endorsed by the PINZ Board as a framework for the current activities of the Institute and the future of the organisation.



Networking and Fellowship

Providing opportunities for professional networking at a local, national, and international level.

- Regional network meetings
- Social events
- Conferences
- Study tours



Status and Standards (Professionalism)

Setting a standard for the property industry in which membership is an essential element of professional status.

- Standards & ethics
- National awards for excellence
- Member recognition
- Quality assurance programme
- Professional compliance regime



Research, Technology & Innovation

Collecting and publishing essential data, using data to accurately anticipate emerging trends, facilitating the transition to new trends and new technology, and constantly challenging the business models which underpin our members' businesses.

- Market data reports
- Regular surveys/Polling
- PropertyJobs.co.nz



Industry Promotion

Promoting & championing the property industry and communicating effectively to the clients and potential clients of our members, using the most effective mediums available.

- *Property Professional* magazine
- Industry website
- Marketing of professions
- Find a professional
- Media



Lifetime Learning & Development

Providing comprehensive, relevant, and accessible education to a broad range of Property Industry professions.

- Annual Continuing Professional Development
- Degree accreditation
- Webinars & seminars



Industry Leadership & Advocacy

Maintaining our role as an industry leader and influencing change as a first point of reference for consultation on industry matters.

- Opinion leadership
- Legislative submissions
- Ministerial interaction

We have four main communities and room for more. The four communities are:

**Real Property Valuation • Property and Facilities Management
Property Advisory & Consultancy • Infrastructure, Plant & Machinery Valuation.**

MEMBERSHIP

The Property Institute's steady membership crosses a broad range of industry groups in the property sector. Recognising the importance of attracting young people into the property sector, we have actively engaged in Careers Expo's and school career events to build student membership and encourage the growth of young people entering the property industry. Many of our Graduate Members continue on to full membership as they transition into the workforce.

2271

members for
the 2017 year

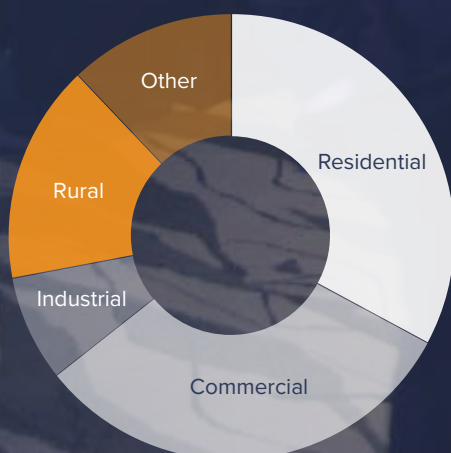
188

student members
transitioned to
graduate membership

426

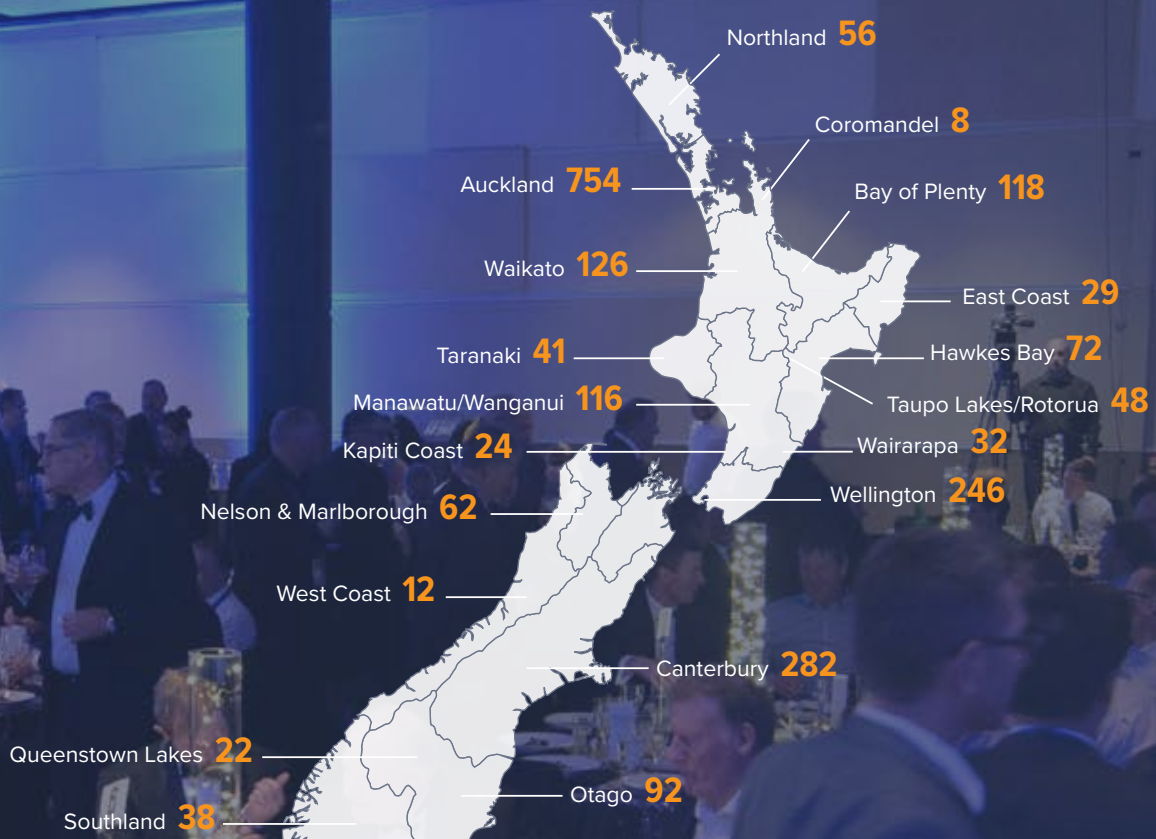
university students
signed up as student
members in 2017

Membership by sector



* Data as at December 2017 (excludes overseas based paying members).

New Zealand membership



Members around the world



United Arab Emirates 2	Fiji 2	Singapore 13
Australia 99	Ireland 1	Taiwan 1
Brunei 1	India 2	United Kingdom 18
Canada 1	Cambodia 1	United States 1
Switzerland 1	Malaysia 5	South Africa 1
China 3	Norway 1	
Germany 1	Romania 1	

Build your future in property JOIN THE INSTITUTE

Develop your career, grow your network and be part of New Zealand's premier property organisation

GROW YOUR NETWORK

with regular property networking events and conferences

ENHANCE YOUR CAREER

with ongoing, relevant and timely webinars, seminars, site tours, prestigious awards and continuing professional development

STAY IN THE PROPERTY LOOP

with regular newsletters, the quarterly magazine, research and online resources

GET INVOLVED

with a respected membership body that provides you with representation, advocacy and support

WHAT'S YOUR PROPERTY REALLY WORTH?

Are you considering the purchase or sale of a home - or wish to use the equity in your asset?

Everyone can have an opinion on a property's value – and normally everyone does! But is it coming from someone that has tertiary qualifications in property valuation? Are they independent? Different services (such as Council CV's, and free 'valuation' sites) claim to provide a valuation but most of them create confusion and are simply estimates.

If you require sound valuation advice, there is no substitute for a Registered Valuer.

To find a qualified Registered Valuer, go to www.nziv.org.nz

**Registered
Valuers are most
trusted to give an
accurate market
valuation**

*Curia Market Research,
Feb 2018

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BRANCH NEWS



A very successful Branch chairs day

was held in Wellington during May with an almost full complement of Branch chairs. The event covered everything from upcoming education and networking opportunities to more mundane administrative issues.



PINZ and NZIV were also on hand at

the recent Eastern Bay of Plenty Careers Day to help promote the industry and hopefully encourage some students in future university study and a career path in property valuation.



In mid-May, the Taranaki Branch had a tour of the brand new \$30 million Ravensdown facility in Waiwhakaiho. A new blending tower (one of only two in the southern hemisphere to use new technology from the USA) is able to process and dispatch up to 250 tonnes of fertiliser blends in one hour, which compares with the rate of 80 tonnes an hour from the old facility.



The Canterbury Branch always makes a

commitment to attending Lincoln Careers Expos and flying the PINZ/NZIV flag. Gaye Gray (pictured) was the lucky winner of a Crusaders rugby jersey that she won as part of a competition to place values on a range of properties. Gaye managed to get them all pretty much spot on.



The recent Wellington Property Network

event featured an appearance by National MP Judith Collins. A group of close to 50 was on hand to hear her message of less regulation, which was warmly received.



The Nelson/Marlborough Branch wishes

to acknowledge Jim Sampson's retirement. He gained registration as a valuer in 1974, followed by a long and successful valuation career in both Nelson and Marlborough. Jim, we wish you a long, happy and tennis-filled retirement. All the best!



Sixteen members recently attended a

Nelson/Marlborough session by Kathryn Marshall on Multi Unit Developments.

Upcoming events

Taranaki Branch

Saturday 25 August
Long Service Awards Dinner

Valuers Summit

9.30am to 3pm
Christchurch – Monday 19 September
Wellington – Wednesday 27 September
Hamilton – Thursday 25 September

IPM Conference

8 and 9 November
Copthorne Hotel, Wellington



Contact details

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PROPERTY INSTITUTE MOVE A 'GAME CHANGER' for residential property sector

PINZ Chief Executive Ashley Church has announced plans to transform the residential property management sector in New Zealand by bringing the Independent Property Managers Association (IPMA) under the umbrella of the Institute – a move that he says will be a 'game-changer' for the sector. "This has the potential to dramatically lift expected standards and bring residential property management into line with other property professions in New Zealand," he says.

The move was recently formalised in a Memorandum of Understanding (MOU) signed between PINZ and the IPMA. It means that IPMA members will become affiliate members of the Institute in a transition that will eventually see them becoming full members of the Institute, with their own professional standing under the PINZ umbrella.

Ashley Church says it is hoped that the move will significantly improve standards in the residential property management industry and will ultimately benefit tenants. He says the IPMA was chosen because their members already adhere to higher standards than other industry operators, but that the agreement with PINZ will enable them to further improve their skills through the introduction of formal standards and continuing professional education and the strengthening of their existing ethics and formal complaints processes.

'Residential property management in New Zealand is not a heavily regulated industry, and we've all heard the stories about renegade property managers who've treated tenants and owners poorly. This agreement with the IPMA is a first step towards recognising those property managers who are operating at a higher professional level than the rest of the sector. Residential property managers will

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also benefit from specific professional development and will also get the full services that PINZ offers which include stronger advocacy, quality assurance programmes, more networking and administrative support,' he says.

The announcement follows recent comments from Housing Minister, Phil Twyford, suggesting that the Government may look at regulating the residential property management sector, something that Ashley Church hopes will now not be necessary.

'I've talked to the Minister about this initiative and he's agreed to give us time to implement it over the next couple of years, by which time I expect many additional residential property managers to have joined the Institute in order to be part of this new initiative with IPMA,' he says.

IPMA chair Karen Withers says her members voted unanimously at their recent annual meeting to proceed with the MOU, which she believes is an overwhelming endorsement.

'Our members already represent the pinnacle of our sector and are excited at the opportunity to grow professionally and be part of an organisation that enjoys a high profile and a strong reputation. They want to do the best they can for their tenants and landlords and they see real opportunities through PINZ to mark themselves out as property managers who are going the extra mile to prove they're professionals who people can trust,' she says.

Our members [IPMA] already represent the pinnacle of our sector and are excited at the opportunity to grow professionally and be part of an organisation [PINZ] that enjoys a high profile and a strong reputation.



GET AHEAD OF THE COMPETITION

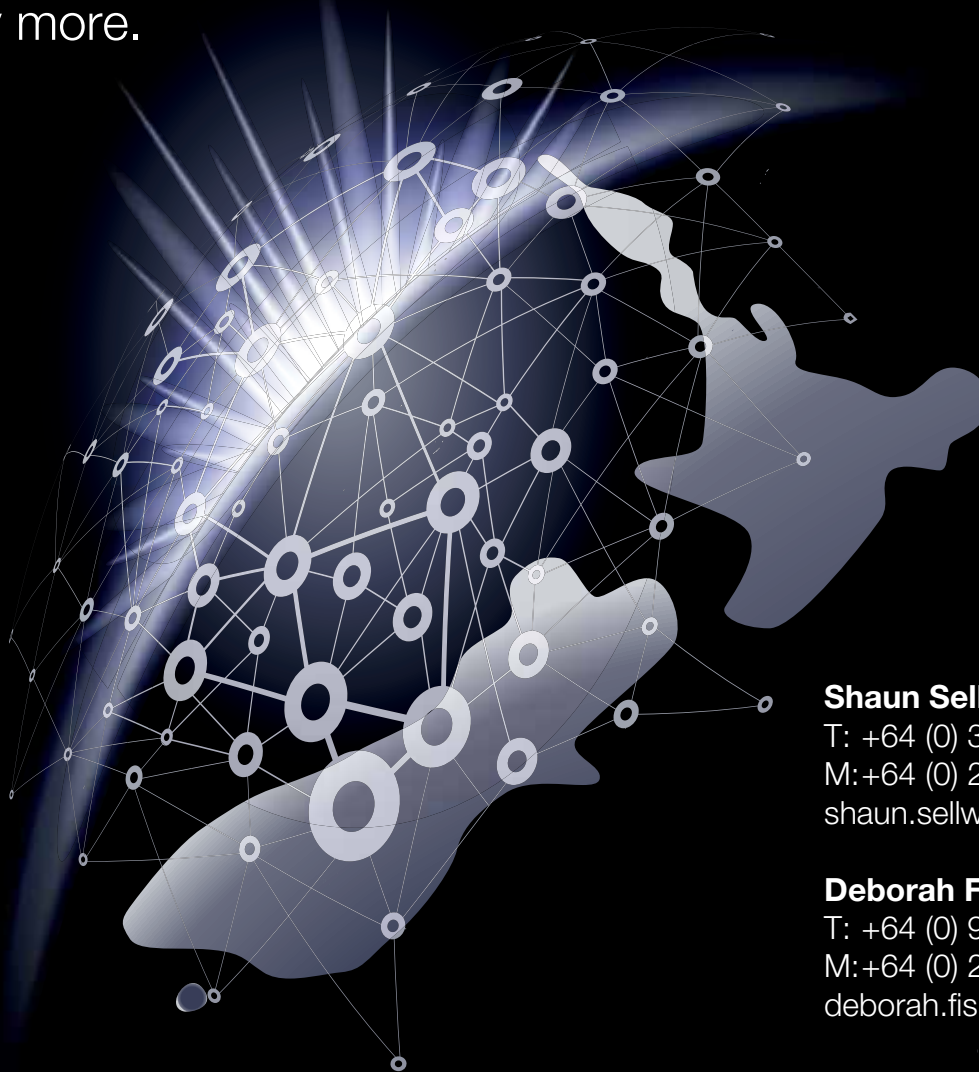
- ✓ An independent benchmark for excellence
- ✓ Quality assurance for property businesses
- ✓ Ongoing professional support
- ✓ A brand people trust





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